

## Chapter 21

## ACCRUED EXPENDITURES PAID (AEP) AND REFUNDS

**Section A--Accrued Expenditures Paid**

**21-1. AEP Concept.** Accrued expenditures paid (AEP) are a portion of total obligations. See DFAS-DE 7000.4-R (former AFR 170-8) for policy and criteria requirement as outlined in paragraph 19-1 of this regulation.

**21-2. Categories of Disbursements.** Disbursements fall into these broad categories: military pay and allowances, civilian payrolls, travel, and commercial payments. Military pay and allowances consist of payments made to military personnel per DFAS-DE 7073.1-R (formerly AFM 177-373). Civilian payrolls cover payments to all civilians employed by the Air Force within and outside CONUS, made according to DFAS-DE 7010.4-R (formerly AFR 177-104) and DFAS-DE 7077.11-M (formerly AFM 177-372). Travel and commercial disbursements include payments for purchases of materiel and services other than personal, travel expense, advertising, freight and drayage, transfers between appropriation and fund accounts, refunds, and miscellaneous payment vouchers. Instructions for making these payments, covering the factors of entitlement, legality, certification, substantiation, forms, sufficiency of funds as certified by the AFO/OPLOC in the case of specific allotments, operating budget authorities, etc., are in other applicable volumes of the DoDFMR.

**Section B--Refunds****21-3. Appropriation Refunds:**

a. Appropriation refunds are collected recoveries of advances and recoveries of erroneous payments or overpayments. Appropriation refunds receivable are uncollected recoveries. These are usually identified with the specific voucher(s) or specific contract(s) on which advances or erroneous payment or overpayment occurred.

\*(1) Accounting Purposes. For accounting purposes, appropriation refunds include adjustments that are credited to an allotment or operating budget account as reductions in disbursements (AEP). Refund actually collected reduce obligations and create a budgetary resource. However, with the limited exceptions in (a) through (f) below, anticipated refunds cannot be recorded in the accounting records as negative UOO or negative AEU, thereby reducing obligations and creating a budgetary resource, before actual collection of the refund. The following are exceptions to the strict policy of not recording anticipated refunds in the accounting records.

(a) DFAS-Columbus Center adjustments made according to paragraph 27-48 of this regulation.

(b) Intra-Air Force transactions authorized in paragraph 21-4 below.

(c) Refunds receivables for overpayment of travel advances.

(d) Refunds receivables for Defense Printing Service billings.

(e) Refunds recorded in Defense Joint Military Pay System (DJMS).

(f) An advance copy of a collection, disbursement, or transfer voucher may be used to support the recording of a refund receivable in the accounting records pending receipt of the transaction on the By-Others Registers.

(g) Refunds receivables for recertified checks according to DoD Financial Management Regulation (DoDFMR) Volume 5, paragraph 080512.f.

(h) Refund of forestry expenses for the month of September. Anticipated funding expected from SAF/FMB through the command for recoupment of forestry product sales expenses for the month of September may be recorded as negative UOO. The base civil engineer provides a formal request showing the amount of the expenses expected for September to be shown on the AF Form 406 to record the negative UOO. The base civil engineer coordinates the request with the base budget office before submission to the OPLOC. The base budget office should also advise the command. SAF/FMBMD concurs with this process. The negative MORD should be reversed when funding is received by the base or should be reversed no later than November 15. Warning: Problems with an Antideficiency Act violation could develop with this procedure if the Air Force wide forestry sales proceeds are not sufficient to cover all expected forestry expenses and/or other sufficient funding is not otherwise available. The responsibility in this situation would have to reside with the requesting activity.

\*(2) Refunds Receivable:

(a) Appropriation refund receivables are uncollected recoveries supported by valid documentation and are considered collectible. Refund receivables are recorded manually on AF Form 823, Appropriation Reimburse-

ment Record, or may be maintained in the General Funds mechanized record by recording them in the General Funds General Accounting system in fund type "T" as a reverse AEU (reduction in AEU) or reverse UOO (reduction in UOO) in the Central Procurement Accounting System. (See AFM 177-370, section 5, for type vendor codes.) The use of fund type "T" will ensure that the refund receivables are not available as a fund resource. Refund receivables recorded in the allotment ledger as fund type "T" or maintained on an AF Form 823 will be reported in HAF-ACF(M)7184(DT) and recorded in General Ledger (GL) account 139, accounts receivable-other, at the end of the month.

(b) Refunds receivables determined to be uncollectable for individual out-of-service debts at base level must be transferred to DFAS-DE/FYD in accordance with DFAS-DE 7010.2-R (formerly 177-102), paragraph 29-34 and table 29-1. A transfer acceptance notice will be received from DFAS-DE/FYD for individual out-of-service debts that have been transferred. The transfer notice will be your authority to remove the receivable from the allotment ledger or from the AF Form 823. Discontinue reporting the receivable in the HAF-ACF(M) 7184(DT) report and remove the receivable from the General Ledger on the effective date of the transfer. This procedure does not apply to uncollectable contractor debt (refund receivables). Accountability for contractor debt is maintained at the base even though the debt is referred to DFAS-CO for collection. DFAS-CO is responsible for notifying the accountable station when amounts are collected.

(c) At time of collection of any amount due as a refund receivable, reverse the fund type "T" entry or the entry on the AF Form 823, and post the collection to the allotment or operating budget ledger as a reduction in disbursements (reduction in AEP). The posting of the collection will result in a fund resource that may be obligated if otherwise available.

(d) If a refund receivable due from an individual out-of-service debtor is determined to be uncollectible, it must be transferred to DFAS-DE/FYD in accordance with DFAS-DE 7010.2-R, paragraph 29-34, and table 29-1, rule 8. Funding for transferred debts must be resolved prior to transfer of the debt. The transfer acceptance notice received from DFAS-DE/FYD is the authority to remove the refund receivable from the allotment or operating budget ledger or from the AF Form 823, Appropriation Reimbursement Record. If the receivable was being maintained on AF Form 823, discontinue reporting it in the HAF-ACF(M)7184 report and remove it from the GL on the effective date (month) of transfer. (DFAS-DE/FYD will maintain the debt on their HAF-ACF(M)7184 report.)

(3) Trading Stamps, Consumer Rebates, and Bonus Gift Coupons. Cash received for redemption of trading stamps, consumer rebates, and bonus gift coupons acquired from appropriated fund sources, is collected by the AFO/OPLOC as an appropriation refund. When redemption of stamps, consumer rebates, or bonus gift coupons is neither possible nor practical, the receiving activity sends them to the Nonappropriated Fund Financial Management Officer for credit to the base Military Welfare Fund per AFI 65-107 (former AFR 176-10).

b. Examples of appropriation refunds are:

(1) Salary overpayments.  
(2) Overpayments made to commercial concerns because of erroneous billing or incorrect computation of invoices.

(3) Amount due for items rejected and returned.  
(4) Amounts due for suspensions or disallowances by the GAO.  
(5) Amounts due on charges for transportation purchased (for both persons and goods) when the whole or part is required to be paid by a service member or civilian employee, such as amounts for baggage or property transported in excess of the established allowances.

(6) Amounts of recovery due on payments for contractual services, such as rent, insurance, and transportation purchased, where such contracts are canceled and adjustments made for the unused portion. Includes unused monetary allowances instead of subsistence and quarters while in a travel status.

(7) Checks that have been posted as a disbursement by AFO/OPLOC and are returned later to the AFO/OPLOC for cancellation.

(8) Repayment against advances or loans made to contractors, etc.  
(9) Amounts due or recovered as a result of price redetermination agreements, and other adjustments in prices, when such agreements are a part of the original contract provisions.

(10) Amounts due for creditable turn-ins to stock funds by using activities and stock fund materiel returned by tenants.

(11) Amounts due for recoveries of deposits on containers.  
(12) Amounts due for refund of state gasoline taxes.

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(13) Sale of services and materiel requiring reimbursement from the same appropriation (intrafund reimbursements).

c. DFAS-IN credits refunds generated as a result of GAO rate audit pertaining to GBLs and TRs to the special transportation refund accounts prescribed by the Air Force Corporate Data Dictionary (AFCDD), rather than to the subsidiary accounting classifications originally charged. DFAS-DE administers these special refund accounts.

d. Contracts with nonprofit cooperative corporations for goods or services (for example, utilities) can result in a distribution of profits to Air Force members and customers of the cooperative. The cooperative treats these capital credits as contributed capital and not as a liability to its members. If the cooperative is dissolved or liquidated, any excess of cash after payment of outstanding indebtedness is distributed in payment (retirement) of these capital credits accumulated as contributed capital. If routine notification of the current amount of capital credits has not been received from communications and/or procurement personnel, request information from them. Based upon receipt of the annual notice (or on an other than annual basis) of capital credits, the AFO/OPLOC maintains an off-line memorandum record of these capital credits earned to account for potential refunds receivable. This memo record should include a column for entry of annual capital credits, a column for liquidating dividends and capital distributions declared or paid by cooperatives, and the resulting balance of accumulated capital credits representing potential receivables. If a contract with a cooperative is terminated, follow up with the cooperative on probable disposition of the memorandum balance of accumulated capital credits at the date of the end of the contract. When a cooperative announces that capital credits will be paid (retired), post the transaction in the General Ledger as a refund receivable until collected. Credit actual cash distributions received as an appropriation refund to the account that originally bore the cost.

\*e. Centrally Administered Contracts. Refunds receivable resulting from demand letters to commercial vendors should be recorded by the accountable AFO/OPLOC as a Fund Type "T" on AF Form 823, Appropriation Reimbursement Record. Applicable appropriations are those other than O&M and amounts are reported on both the monthly HAF-ACF(M)7184 report and the quarterly Report on Accounts and Loans Receivable Due from the Public, HAF-ACF(Q)8108(DT).

### **21-4. Intra-Air Force Transactions--Appropriation Refunds.**

a. Intra-Air Force transactions involving no-check drawn transfer of funds within the same appropriation, where both allotment ledgers affected are maintained by the same accountable station, will be processed on an OF 1017G, Journal Voucher.

(1) Number these documents using the local Journal Voucher numbering system. Do not use disbursement and collection voucher numbers.

(2) Make no distribution of the JV beyond that which is required to satisfy local requirements. Do not send copies to DFAS-DE with the original disbursement and collection vouchers.

b. Intra-Air Force transactions involving no-check drawn transfer of funds within the same appropriation, where allotment ledgers affected are maintained by different accountable stations, will be processed on an SF 1081, Voucher and Schedule of Withdrawals and Credits. Treat the collection side of the SF 1081 as an appropriation refund.

(1) Assign disbursement and collection voucher numbers.

(2) Enter the complete accounting classification to be charged and credited, and an explanation of the transaction, in the blocks provided.

(3) Use the original to support the disbursement transaction and use a copy to support the collection voucher in the submission of original vouchers. Send a copy of the SF 1081, properly annotated, to DFAS-DE/AD with copies of transactions paid for others as prescribed in chapter 27, section D. Transactions involving refunds from one PY to another PY for the same no year (continuing) appropriation result in a net change in both PYs on the DD Form 1329. Transactions where the debit and credit affect the same PY have no effect on the day's totals posted to the appropriation summary ledger by the billing office; the credit shown in the allotment ledger is offset by the charge shown in the transactions paid for others control ledger.

**21-5. Interfund Transactions Within the DoD on No-Check-Drawn Basis.** See chapter 27, section K, for procedures for processing interfund transactions.